

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 ISO-00 AGR-05 CEA-01

CIAE-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

FMC-01 DOTE-00 XMB-02 CG-00 DLOS-04 OFA-01 /119 W

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FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 529

INFO USDOC WASHDC

AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHALCN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MONROVIA

AMEMBASSY OSLO

AMEMBASSY PANAMA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION USOECD PARIS

USMISSION USEC BRUSSELS

AMCONSUL ISTANBUL

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E.O. 11652: NA

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TAGS: GATT, OECD, TU

SUBJ: OCEAN SHIPPING: GOT RESTRICTIONS

REF A) ANKARA 6384 (NOTAL); B) STATE 202111; C) ANKARA 6625

SUMMARY. REPRESENTATIONS ABOUT RESTRICTIVE SHIPPING PRACTICES RESULTING FROM TWO TURKISH COMMUNIQUE (REFTEL A) WERE FORCEFULLY MADE AT MINISTRY OF FOREIGN AFFAIRS AND MINISTRY OF FINANCE ON AUGUST 26. MAJOR EFFORT WAS MADE AT FINANCE MINISTRY WITH RESPONSIBLE OFFICER, ACTING SECRETARY GENERAL OF THE TREASURY. WE HAVE

TRIED TO KEEP DISCUSSIONS THUS FAR AT SENIOR WORKING LEVEL IN BOTH MINISTRIES. MINISTRY OF FINANCE OFFICIALS WILL BE IN WASHINGTON FROM AUGUST 29 TO SEPT 7/8, AND WE RECOMMEND THAT MATTER BE TAKEN UP WITH THEM THROUGH TURKISH EMBASSY. MEANWHILE, IN VIEW MOST SERIOUS SITUATION

IN CURRENT US-TURKISH RELATIONS WE RECOMMEND THAT RETALIATORY ACTION ALREADY TAKEN BE WITHDRAWN; FURTHER POSSIBLE RETALIATORY ACTION BE DELAYED UNTIL PROBLEM HAS BEEN FULLY PROBED AND ATTEMPTS TO ARRIVE AT MUTUALLY SATISFACTORY COMPROMISE ARE TRIED. END SUMMARY.

1. ON AUG 26 ACTING ECON COUNSELOR AND COMATT CALLED ON BEHIC HAZAR, DIRECTOR, BILATERAL ECONOMIC RELATIONS, MINISTRY OF FOREIGN AFFAIRS (MFA) TO MAKE REPRESENTATION AS REQUESTED REF B. HAZAR INITIALLY DESCRIBED THE COMMERCE DEPT'S MARITIME ADMINISTRATION (MARAD) MOVE CANCELLING EXIM BANK 50 PERCENT WAIVERS AND POSSIBLE ACTION BY THE FEDERAL MARITIME COMMISSION (FMC) PROHIBITING TURKISH VESSELS FROM CARRYING TRADE TO AND FROM U.S. PORTS AS HOSTILE ACTS. HE ADDED THAT SUCH REACTION BY THE U.S. WAS UNNECESSARY. HAZAR CONTINUED BY STATING THAT IF U.S. PURSUES POLICY AS INDICATED REF B, IT WOULD HAVE MOST SERIOUS REPERCUSSION IN TURKEY.

2. HAZAR REQUESTED TIME TO STUDY AGAIN FULL IMPLICATIONS OF TWO TURKISH COMMUNIQUE; HE SAID THAT HE HAD NOT RPT NOT ANTICIPATED THEY WOULD GENERATE SUCH OPPOSITION. HE SUGGESTED THAT IF PROBLEM COULD NOT RPT NOT BE RESOLVED AT WORKING LEVEL OF MFA AND MINISTRY OF FINANCE (MOF), IT WAS SERIOUS ENOUGH TO MOVE TO AMBASSADOR/ FOREIGN MINISTER LEVEL.

3. WITHOUT REVEALING COUNTRY'S NAME, EMBOFF MENTIONED CANADIAN DEPT LIMITED OFFICIAL USE

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OF INDUSTRY, TRADE AND COMMERCE POSITION WITH COMMENT THAT TURKISH DELEGATE AT JUNE OECD MARITIME COMMITTEE MEETING HAD GIVEN ASSURANCES THAT SUCH WOULD NEVER HAPPEN. THE POSSIBILITY OF THIS SUBJECT BEING RAISED AT OCTOBER MEETING OF OECD MARITIME COMMITTEE ALSO WAS DISCUSSED. HAZAR AGREED THAT OUR TALKS BE KEPT AT INFORMAL LEVEL AT THIS STAGE TO PREVENT LEAKS IN FOREIGN MINISTRY AND TO PRESS. HE ASKED FOR A BRIEF TALKING PAPER TO HELP HIM PRESENT PROBLEM TO MOST SENIOR FOREIGN MINISTRY OFFICIALS.

4. HAZAR VOLUNTEERED THAT JULY 26 AND AUGUST 12 COMMUNIQUE HAD BEEN DRAFTED AND ISSUED BY MOF WITHOUT CONSULTATION WITH MFA; HE SUGGESTED EMBOFFS DISCUSS MATTER WITH MOF'S AY F GUVEN, ACTING SECRETARY GENERAL OF TREASURY, THE TURKISH OFFICIAL RESPONSIBLE FOR ISUANCE OF TWO COMMUNIQUE, AND HAZAR IMMEDIATELY MADE THE APPOINTMENT.

5. ACTING ECON COUNSELOR AND COMATT THEN IMMEDIATELY VISITED GUVEN, WHO WAS DEFENSIVE AND BRISTLY. HE TRIED FORCEFULLY TO MAINTAIN THAT COMMUNIQUE WERE NOT DISCRIMINATORY NOR RESTRICTIVE. MAIN PURPOSE IN ISSUING REGULATIONS WAS TO SECURE FOR TURKISH SHIPS A "FAIR SHARE" UP TO 50 PERCENT OF THE SHIPPING TRADE, AND TO TAKE CARGO LINES OUT OF RED. HE SAID THESE REGULATIONS WERE COMPLETELY COMPATIBLE WITH US LAWS AND PRACTICE TO EXTENT THAT EXPORTS OF US GOVT FINANCED CARGO MUST BE SHIPPED ON US FLAG VESSELS. GUVEN SEEMED UNWILLING TO ACCEPT DIFFERENCE AND AT FIRST INSISTED THAT MOF WOULD NOT RPT NOT CHANGE ANY OF THE LANGUAGE IN THE COMMUNIQUE.

6. AS DISCUSSIONS CONTINUED GUVEN EMPHASIZED THAT THERE HAD BEEN NO INTENT TO DISCRIMINATE AGAINST OTHER COUNTRIES' CARGO LINES BUT TURKEY WANTS TO MINIMIZE ITS INTERNATIONAL FREIGHT EXPENDITURES BY STIMULATING EXPANSION OF TURKISH CARGO FLEET. THE OBJECTIVE, HE EMPHASIZED, WAS TO SHARE CARGO CARRIED AND NOT RPT NOT TAKE IT ALL. HE THOUGHT THAT NO RPT NO ONE SHOULD OBJECT TO 50/50 SHARING. EMBOFF COMMENTED THAT WE HAVE NO OBJECTION TO SHARING ON FULLY COMPETITIVE BASIS BUT THAT REGULATIONS ARE CONSIDERED RESTRICTIVE AND IN RESTRAINT OF TRADE. GUVEN EVENTUALLY COMMENTED THAT RULES ARE MADE TO BE CHANGED AND THAT IF PRESENT REGULATIONS DO NOT WORK OTHER MEASURES WILL BE TAKEN.

7. WE WERE TALKING WITH GUVEN WITHIN 48 HOURS OF HIS DEPARTURE FOR THE US, WHEN HE WAS UNDER GREAT PRESSURE. HE WAS AWARE THAT MARAD HAD LIMITED OFFICIAL USE

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CANCELLED WAIVERS TO CARGO LINES WHILE HAZAR WAS NOT. IN LIGHT OF SITUATION AND SHORTAGE OF TIME, GUVEN AND EMBOFFS MUTUALLY AGREED THAT IN WASHINGTON THROUGH THE TURKISH EMBASSY THAT GUVEN SEEK TO PROVE HIS CONTENTION THAT COMMUNIQUE WERE NOT RPT NOT DISCRIMINATORY. WE URGE THAT OFFICIALS OF DEPARTMENTS OF STATE, COMMERCE, MARAD AND FEDERAL MARITIME COMMISSION COORDINATE MEANINGFUL SESSION WITH GUVEN. MINISTER OF FINANCE YILMAZ ERGENEKON AND UNDERSECRETARY SABBAHATTIN ALPAT WILL ALSO BE IN WASHINGTON, THUS THERE IS POSSIBILITY THAT ACCEPTABLE COMPROMISE MIGHT BE WORKED OUT TO SATISFACTION OF ALL PARTIES. TURKS ARE ATTENDING MEETINGS OF IBRD AND IMF GOVERNING BOARDS AND WILL BE IN WASHINGTON FROM AUGUST 29-SEPT 7/8.

8. HAZAR AND GUVEN WERE ALSO CONCERNED ABOUT DETRIMENTAL REACTION IN TURKEY, WERE THE RETALIATORY ACTION TAKEN AND ACTION BEING CONSIDERED BE MADE PUBLIC. TURKEY IS MOST INTERESTED IN BEING DESIG-

NATED FOR THE GENERALIZED SYSTEM OF PREFERENCES UNDER THE 1974
TRADE ACT. TURKS ARE ALSO QUITE DISTURBED ABOUT ANY ADVERSE AFFECT
THIS PROBLEM MIGHT HAVE ON CONGRESSIONAL CONSIDERATION OF THE LIFTING
OF THE US MILITARY ARMS EMBARGO ON TURKEY.

9. COMMENT: WE BELIEVE THAT MARAD REACTED TOO QUICKLY AND TOO
STRONGLY TO TWO TURKISH COMMUNIQUEES AND THAT THREAT TO CLOSE US
PORTS TO TURKISH SHIPS IS TOO DRASTIC A REMEDY AND PROBABLY COUNTER-
PRODUCTIVE. SHOULD SUCH A MOVE BE MADE, IT WOULD BE SEEN IN TURKEY
AS ANOTHER HOSTILE ACT BY US. IN OUR DISCUSSIONS WITH HAZAR AND GUVEN

WE FORCEFULLY PRESENTED THE ARGUMENTS IN OUR INSTRUCTIONS AND DISCUS-
SED THE CHAOS TO INTERNATIONAL SHIPPING IF OTHER COUNTRIES WERE TO
ADOPT SIMILAR RESTRICTIVE MEASURES. ON THE OTHER HAND, IN ALL OF OUR
DISCUSSIONS WITH OUR DIPLOMATIC COLLEAGUES (REFTELS) WE LEARNED
THAT MOST OF THEM ARE TAKING THE COMMUNIQUEES QUITE CASUALLY.
SOME OF THEM WERE NOT MUCH DISTURBED, STATING THAT PRAGMATICALLY,
THE EFFECTS OF COMMUNIQUEES WOULD NOT RESULT IN CURTAILING USE OF
THEIR FLAG SHIP. NONE RPT NONE HAD MADE ANY REPRESENTATIONS TO MFA.
WE URGE THAT STEPS TAKEN TO CANCEL WAIVERS BE RECONSIDERED. AND
FURTHER POSSIBLE ACTION AGAINST TURKEY BE DELAYED UNTIL DIS-
CUSSIONS WITH GUVEN AND OTHERS IN WASHINGTON ARE COMPLETED
AND EVEN, PERHAPS, UNTIL MATTER IS FULLY PROBED IN OECD'S
MARITIME COMMITTEE MEETING IN OCTOBER.
MACOMBER

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